

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /131 W
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R 280815Z AUG 78
FM USLO PEKING
TO SECSTATE WASHDC 1850
INFO AMEMBASSY SEOUL
AMEMBASSY TOKYO
AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 2695

E.O. 1165: GDS
TAGS: ENRG TOCY ESTC CH US JA KS

SUBJ: REVIEW OF USG POLICY TOWARD OIL EXPLORATION IN JAPAN/KOREA
JOINT DEVELOPMENT ZONE

REF: STATE 212099

1. AS DEPARTMENT IS AWARE, PRC HAS REITERATED ITS POSITION
SEVERAL TIMES IN RECENT MONTHS THAT THE JAPAN/ROK AGREE-
MENT ON A JOINT DEVELOPMENT ZONE IS ILLEGAL AND DOES NOT
TAKE AC OUNT OF CHINESE INTERESTS. THE SIGNING OF THE PFT,
OF COURSE,DID NOTHING TO CHANGE THIS POSITION.

2. AT THE SAME TIME, THERE ARE INDICATIONS THAT THE PRC
IS NOT INTERESTED IN PROVOKING ANY SORT OF CONFRONTATION
WITH JAPAN WHICH WOULD SOUR THE ATMOSPHERE OF GOOD WILL
PROJECTED BY THE CONCLUSION OF THE PFT. THIS IS EVIDENT
FROM SONODA'S CONVERSATION WITH TENG HSIAO-PING N THE
SENKAKUS, DURING WHICH TENG, WITHOUT IN ANY WAY CONCEDED
JAPANESE SOVERIIGNTY, IS REPORTED TO HAVE STATED THAT THE
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TYPE OF CHINESE INTRUSION INTO SENKAKU WATERS
WHICH TOOI PLACE LAST APRIL WOULD NOT BE REPEATED.

3. IN ADDITION, THE PRC IS DISCUSSING JAPANESE
COOPERATION IN OIL EXPLORATION AND EXPLOITATION IN THE
POHAI GULF. IT MIGHT THUS THINK TWICE ABOUT AKING
ACTION WHICH WOULD ALIENATE THIS SAME JAPANESE OIL

INDUSTRY.

4. WE WOULD CONCLUDE FROM THIS THAT THERE IS PROBABLY SOMEWHAT LESS RISK NOW OF A PRC INTERVENTION TO HALT EXPLORATION ACTIVITIES IN THE JOINT ZONE THAT THERE WOULD HAVE BEEN A YEAR AGO. SUCH A RISK DOES STILL EXIST, HOWEVER, NOT ONLY BECAUSE OF CHINA'S GENERAL INSISTENCE ON ITS RIGHTS OVER THE CONTINENTAL SHELF, BUT PERHAPS ALSO BECAUSE CHINESE LEADERS MIGHT FEEL IT NECESSARY TO TAKE A FIRM STAND AGAINST SUCH ACTIVITIES IN ORDER TO DEMONSTRATE TO HARD-LINERS THAT THEY HAD NOT COMPLETELY SOLD OUT TO FOREIGN CAPITALIST INTERESTS.

5. WE ALSO UNDERSTAND THAT THE ROC HAS VOICED A CLAIM TO PARTS OF THE ZONE AND HAS OFFERED DEVELOPMENT CONCESSIONS IN THE AREA. PEKING WILL FIND IT DIFFICULT TO BE LESS NATIONALISTIC THAN TAIPEI ON THIS QUESTION.

6. WE LEAVE IT TO OTHERS TO JUDGE THE RISK OF A NORTH KOREAN RESPONSE TO EXPLORATION ACTIVITIES.

7. FINALLY, WE WOULD NOT THAT ANY AMERICAN FIRM WHICH PARTICIPATES IN EXPLORATION OF THE JOINT DEVELOPMENT ZONE RUNS SOME RISK OF LOSING OUT ON POLITICAL GROUNDS IN THE COMPETITION FOR EXPLORATION
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RIGHTS IN THE PRC'S OWN CONTINENTAL SHELF.
WOODCOCK

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